# Your pension is now.

Learn more about it.

The plan receives award from World Finance Magazine
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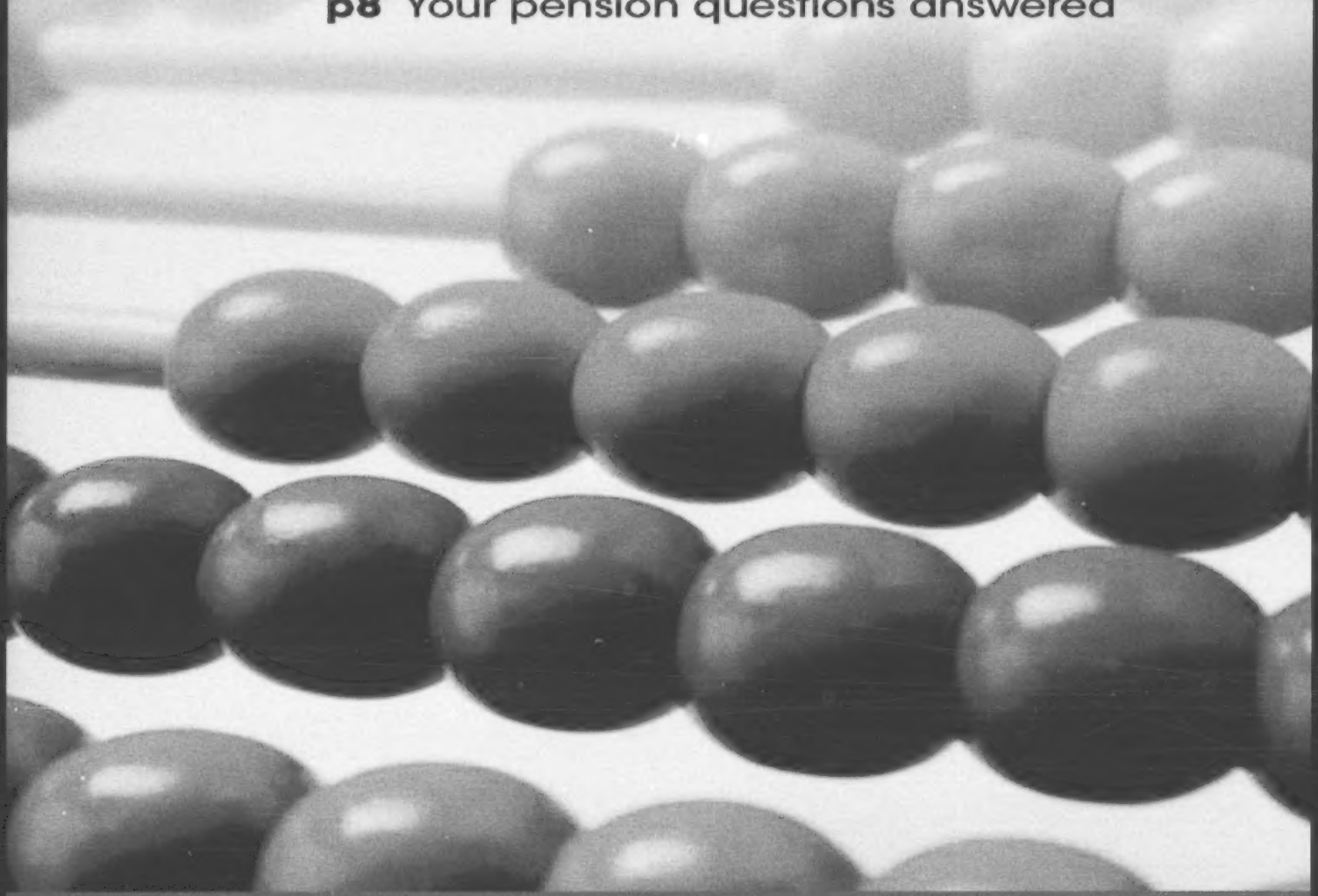
**p14** A plan you can count on

**p6** Taking a leave? Think: buy back service

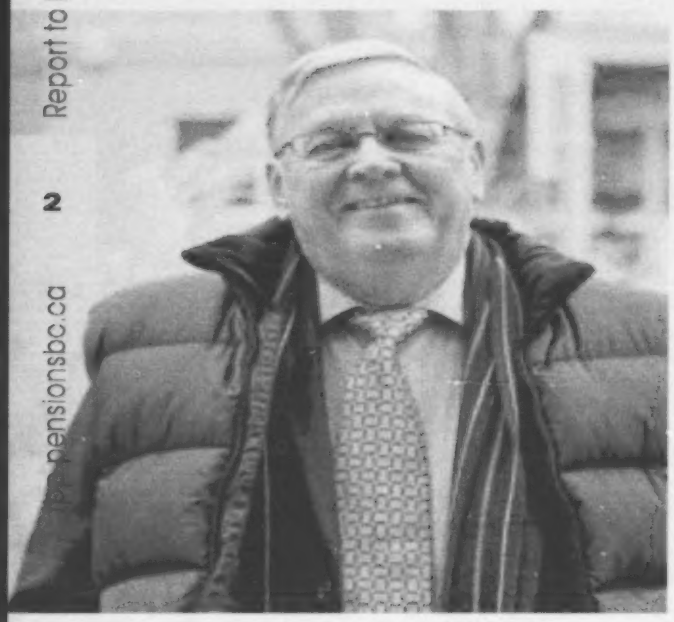
**p8** Your pension questions answered



Teachers' Pension Plan

REPORT TO MEMBERS 2013

# What you're promised is



***"We believed we could make it on the pension funds and we have."***

In the 19 years since he retired, Clifford Boldt has remained active in the world of teaching, most recently as the president of the BC Retired Teachers' Association. For Clifford, retiring was more of a career move than a career end. Find out what role his pension plays in this phase of his life.

**What's the best part about being a plan member?**
The pension! What I was promised is what I can expect through my retirement.

**What advice do you have for plan members near retirement?**
Have a good discussion with your spouse about retirement. It's more than just money. Plan early and agree about the lifestyle you want.


## Easy to register, easy to use

My Account is your online gateway to contribution and service history, your annual *Member's Benefit Statement*, a personalized pension estimator and other key information.

My Account

**FAST. CONVENIENT. SECURE.** **tpp.pensionsbc.ca**

# what you can expect

**What do you think about your pension now that you've retired?**
I knew what I was going to get. My wife and I aren't wealthy, but we have a roof over our heads, food in the fridge, we are warm and dry. We believed we could make it on the pension funds and we have. And I'm actually receiving a larger pension now than when I first entered retirement because of the cost-of-living adjustments.

**Do you remember how you felt when you started receiving your pension benefit?**
I had a smile on my face. It was August first, I was getting a paycheque in the summer and I hadn't stepped foot into a classroom!

**What do you look forward to in the next few years?**
Becoming more active in my community, spending more time with my children. I want to plant a garden and travel. I'm in very good shape to think about the future. Life is pretty good for me.

## Your pension and your life

Much of the time, you can just leave your pension alone to work while you work. Other times you'll need to give your pension some attention. Read this timeline to understand how key events in your life affect your pension.

## Your Teachers' Pension Plan awarded top marks by *World Finance* magazine!

WORLD FINANCE
GLOBAL PENSION FUNDS AWARDS
2014

Your pension plan was named 2014 Pension Fund of the Year, Canada by *World Finance* magazine! Here's why:

**The plan is well managed and prepared for the future.**
Judges applauded the board's proactive approach to assessing new investment ideas and improvements. Plan members and plan employers share plan management—an exemplary method for governing the plan.

**The plan takes good care of its members—you!**
The judging panel called the plan "a genuinely socially responsible company" for the care shown to members and gave top marks to StraightTalk (tpp.straighttalk.pensionsbc.ca).

**Your pension is in good hands.**
Judges were highly impressed with the attention and diligence shown by the board and said the plan demonstrates first class management and planning.

### WELCOME TO THE CLUB

Congrats on your new job and on joining the plan! Hold onto the Welcome to the Plan package you received in the mail—it's full of pointers so you can find the information you need, when you need it.

## Plan updates

### More flexibility for buying back service

**Amendment 20—effective April 1, 2013**

If you move to another school district, you can now buy back service for an approved leave that you took while working in a different school district. Also, if you have taken a leave that lasted more than one year, you may choose to buy back service in affordable annual portions. You may take advantage of these changes as long as:

- your leave ended on or after April 1, 2013, and
- you apply by the applicable deadlines.

If your employment with all school districts ends, you have 30 days to apply to buy back any eligible service.

Read more about buying back service on page 6.

### Contribution rate increase

**Amendment 21—effective July 1, 2013**

Member and employer contribution rates each increased by 1.3 per cent of salary.

An independent actuarial valuation of the Teachers' Pension Plan as at December 31, 2011 showed the plan was 96 per cent funded. As required under the Joint Trust Agreement, the board approved the increase to contribution rates, which will restore the plan to full funding. Members and employers were reminded of the change in the 2012 *Report to Members* and throughout the past year.

## NEW MEMBER HOMEWORK

**Complete the following at tpp.pensionsbc.ca**

- Register for My Account—access personalized information and tools, and nominate your beneficiary
- Sign up for a free Your Pension, Your Future seminar—understand how today's decisions affect your future pension
- Read the *Guide for Plan Members*—all you need to know—it's online

## Taking a leave? Think: buy back service

Buying back service is one key way to maximize your pension payment when you retire.

Many types of leaves qualify: maternity, parental/adoption, compassionate care and more. The timeline gives an example of how it can be done.

Buying back service means that you accumulate as much pensionable service as possible before you retire, so your pension benefit can be as large as possible.

**TIMELINE**

**Sep. 1, 2012:** start employer-approved leave

**Jan. 1, 2014:** return to work

**Sep. 1, 2014:** move to a new school district

**May 31, 2018:** before deadline, buy back service for the first year (10 months) of 14-month leave

**Dec. 1, 2018:** near deadline, buy back service for remaining portion of leave

### WELCOME TO BC

Contributed to a pension plan when teaching in another province? You may be able to enhance your pension benefit by transferring your service from another plan.

**Learn more online**

- *Transferring service* PensionFacts

## Looking ahead: nominating beneficiaries

In the event of your death, your pension can be a valuable and important benefit for those left behind. Effective March 31, 2014, the *Wills, Estates and Succession Act* sets out new rules for nominating your beneficiary for pension purposes. As a result you may have more options to protect your family, leave a legacy to your community and customize your estate planning the way you want.

The changes expand the number of options available to you but you don't have to do anything–your existing nomination remains valid. Your spouse is automatically your beneficiary unless they have waived their rights to any pension benefits, so your ability to nominate beneficiaries may be limited.

The Teachers' Pension Plan is here to help you understand your options. Visit the website for more information.

Next steps:

- Read your *Member's Benefit Statement* to confirm your current beneficiary nomination. No beneficiary nominated? Do it online with My Account.

### "VESTED" MEANS YOU'RE IN

Woo hoo! You're now entitled to a secure, reliable pension when you retire. When your annual *Member's Benefit Statement* arrives in early summer, look at the pension estimates on it. It suddenly feels real, doesn't it?

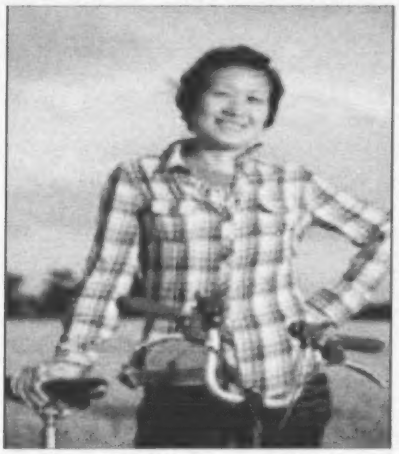
# Your top four pension questions answered

Your pension starts now, with every contribution that you and your employer make. But where do *you* start when it comes to understanding how your pension works? Start here, with some frequently asked questions from members like you.

### What is vesting? What does it mean for me?

When you are *vested*, you are eligible to receive a pension at retirement. You must contribute to the plan for a total of 20 months (two years) to be vested.

**Learn more: on the plan website, click New Member, then click Information.**



### Why isn't my pensionable service full?

Think back over the last year: did you take a leave of absence, participate in a labour disruption or work part-time? If so, that time away from work or working reduced hours may have affected your service.

**Next steps: if you have questions about your service, confirm your time worked with your employer.**

## YOUR SPECIAL SOMEONE

For pension purposes, your spouse is your married or common-law partner (of the same or opposite sex). Having a spouse affects your pension.

**Learn more online**

- *Choosing your best pension option* guide
- *Protecting your pension benefit: A guide for nominating beneficiaries before retiring*

### How is my pension affected if I work part-time?

Working part time does not affect your average salary for pension purposes, but does mean you will accrue pensionable service more slowly than working full time. Pensionable service is part of your pension formula, so less service means a lower pension payment.

**Next steps:** to see how your pension could change as your hours change, use the personalized pension estimator in My Account.

### I want to continue teaching after I retire; what do I need to know?

To be considered retired, you must receive your first pension payment before you return to work. When you do return to work, inform your employer that you are receiving your pension.

**Learn more:** on the plan website, click Publications, then PensionFacts and choose *Re-employment of a retired member.*

## BUYING BACK SERVICE

The Personalized Purchase Cost Estimator tool in My Account can help you understand how your pension could increase if you buy back service for a leave.

## Homework: your pension checklist

With the top four questions under your belt, it's time to set yourself goals for learning more so you're prepared well in advance of your retirement. Hint: visit the plan website.

| Prescribed learning outcomes | Suggested achievement indicators |
|---|---|
| *Demonstrate an understanding of how some life changes may affect your pension when you retire* | ☐ Explain in your own words how buying back service might increase your future pension payments<br>☐ Provide examples of how transferring service might benefit you<br>☐ Explain how personal savings, such as RRSPs, form an important part of retirement planning |
| *Incorporate continuous pension learning into your life* | ☐ Attend a free pension information seminar<br>☐ Regularly review information on the plan website |

## ALL ABOUT LEAVES

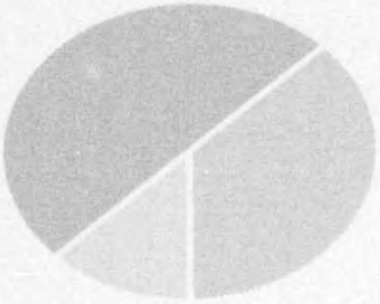
You might take a parental, family responsibility, bereavement, compassionate care, jury duty, adoption or other leave during your career. Whatever the type, it affects your pension.

**Learn more online**

- *Purchasing leaves of absence* PensionFact

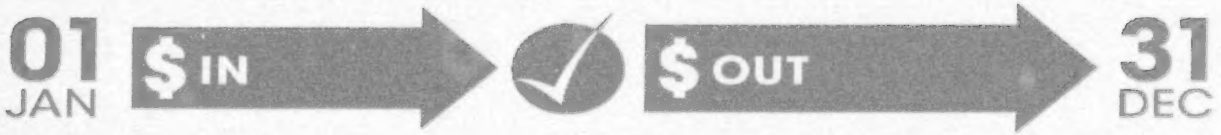
# Year at a glance[1]

## MEMBERSHIP PROFILE // as at December 31, 2013



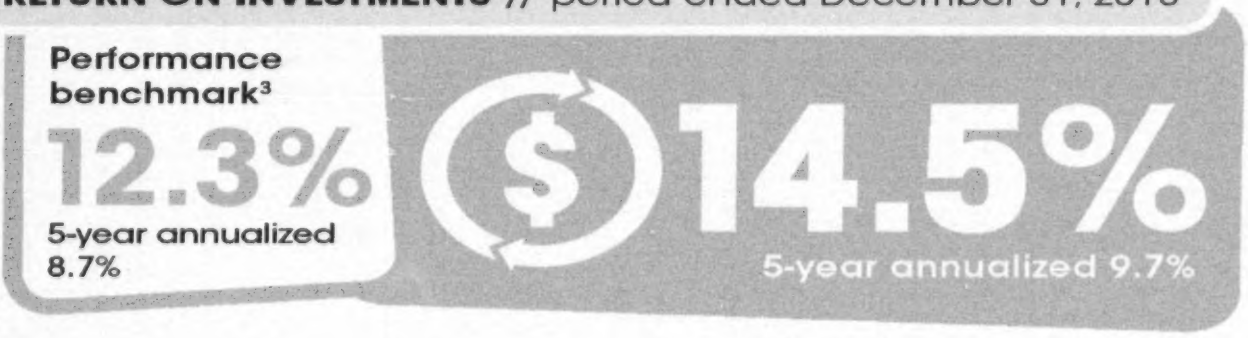
| | | |
|---|---|---|
| Active | 45,271 | 50% |
| Retired | 33,450 | 37% |
| Inactive[2] | 12,087 | 13% |

## FINANCIAL HIGHLIGHTS // 2013 ($Millions)




| $18,348 | $2,684 | $718 | ($1,016) | ($40) | $20,694 |
|---|---|---|---|---|---|
| Net assets | Investment income | Contributions | Benefit payments | Investment & administration | Net assets |

## RETURN ON INVESTMENTS // period ended December 31, 2013



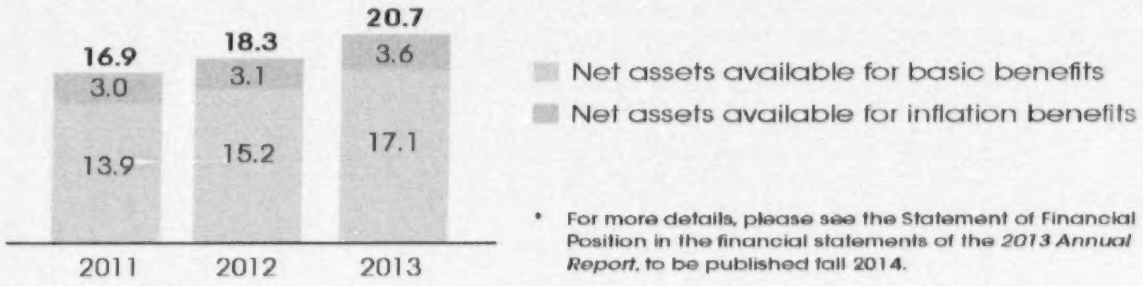

1 The 2013 numbers listed here are unaudited. For full, audited financial information, read the *2013 Annual Report*, available in fall on the plan website.
2 Members no longer employed, but with money in the plan.
3 Benchmarks are standards to compare against investment returns.

# Plan financial details

## How much money does the plan have?

As more members retire, plan assets must grow—and they have:

Net assets available for benefits* // as at December 31 ($ Billions)




* For more details, please see the Statement of Financial Position in the financial statements of the *2013 Annual Report*, to be published fall 2014.

Over the past two years, the plan has taken steps to improve the sustainability of funding for cost-of-living adjustments for those already retired and those who will retire in the future.

## What are the investment management and benefit administration fees?

The plan is among those with the most efficient retirement savings options available, with exceptionally low investment management and benefit administration fees:

**Investment management** 0.20 per cent of assets

**Benefits administration** 0.05 per cent of assets

## SEPARATION OR DIVORCE

Your pension is a family asset and something you need to consider during a separation or divorce.

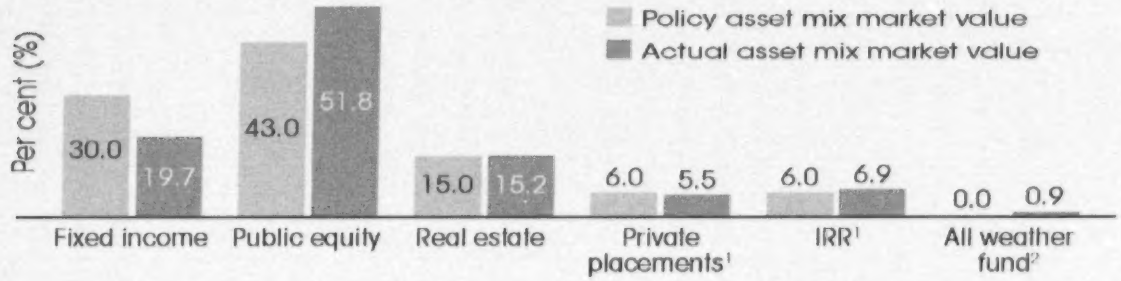
**Learn more online**

- *How a separation or divorce affects your pension* PensionFact

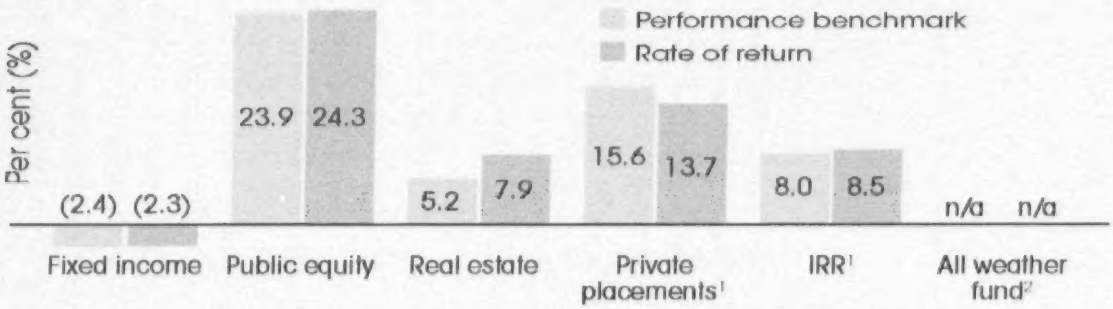
## How are the assets invested?

The plan holds a diversified portfolio of investments that permits prudent management of risk and good long-term investment returns. The board reviews the asset mix policy annually and sets a policy range and target for each asset class. The actual asset mix may vary from the policy target as the investment manager responds to market conditions within the policy range.

**Asset allocation //** as at December 31, 2013




**Rate of return vs. benchmark //** for the year ended December 31, 2013




1 The rates of return for private placements and infrastructure and renewable resources reflect the December 31, 2012 internal rates of return. The December 31, 2013 internal rates of return are not yet available.

2 The plan invested in the all weather fund October 31, 2013. As a result there are no annual returns related to this asset class for the year ended December 31, 2013.

For the plan's full investment policy, see the *Statement of Investment Policy and Procedures* on the website.

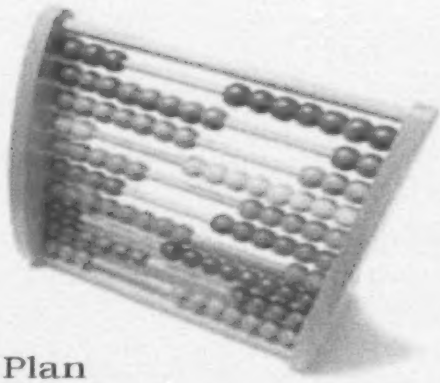
## BIG DECISIONS

If you're nearing retirement, you've got some big decisions to make about your pension. The plan is here to help you.

**Learn more online**

- Read the *Choosing your best pension option* guide,
- Register for a Thinking About Retiring seminar, and
- In My Account, use the personalized pension estimator to help you decide when to retire.

## A plan you can count on



Maybe it's early morning in Comox and you're flipping through this report as you eat breakfast; maybe you're reading it on your transit ride home from work in Burnaby or after dinner in Cranbrook.

Wherever you are you can feel confident—you're one of over 90,000 Teachers' Pension Plan members who can count on guaranteed, predictable income in retirement. Your pension plan is a valuable asset. Really, the plan is about financial security for you and your family when you retire.

However, your pension plan doesn't start when you retire: it starts when you join the plan. You and your employer both contribute to your pension as part of your overall compensation package. Retirement might seem a long time off but today's contributions are an important part of being well prepared.

As you work, your contributions work, too—they are invested locally, nationally and internationally. Roughly 80 per cent of your pension will be paid from investment returns. The plan's diverse portfolio of investments, invested according to a long-term strategy, keep it financially strong and ensure you will receive the pension you've been promised.

### YOUR LEGACY

Not only will your pension provide financial security for you, it may also do the same for others.

**Learn more online**

- *Protecting your pension benefit* guide

Will it really be there for you when you retire? Yes. Your pension plan is pre-funded, so you're paying in advance for your own retirement income. The plan is also well funded, so you can rely on it. Its sound funding is largely due to strong plan governance, with plan members and plan employers sharing management of the plan.

Good value, reliability, sustainability, fairness, strong governance—these are the characteristics that *World Finance* magazine recognized when it named the plan "2014 Pension Fund of the Year, Canada." The award is based on excellence in service to members, innovation, risk management and investment performance. Aside from confidence in the plan, you can have pride in its international recognition.

But the best way to make the most of your pension is to understand it for yourself. You've read this report, now take what you've learned and plan out your next steps.

The Teachers' Pension Board of Trustees is proud to serve you and all members as stewards of your pension. We hope you share our pride and confidence in the plan.

Joann Cain, chair
Teachers' Pension Board of Trustees

## Planning, planning, planning.

Independent financial advisors can give you crucial advice about your pension options and estate planning.

For pension **information**, ask the plan.
For **advice**, seek an independent expert.

Teachers' Pension Plan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MISSION STATEMENT

To fulfil the trust the Partners have placed on us by efficiently meeting or exceeding the pension promise made to plan members.


DISCLAIMER The information in this booklet is based on the legislation and the BC Teachers' Pension Plan rules in effect as of December 31, 2013, except where otherwise noted. In the event of any variation between the information in this booklet and the provisions of the statues, regulations and plan rules that govern any benefits available under the BC Teachers' Pension Plan, the latter will prevail. Financial figures presented in this report as at December 31, 2013 are unaudited.



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**StraightTalk**

Pensions can be a hot topic. Discussion and debate are healthy, but opinions and emotions can confuse the facts.

**LEARN THE TRUTH**
**UNDERSTAND THE FACTS**

tpp.StraightTalk.pensionsbc.ca